



**U.S. Department of Justice  
U.S. Attorney's Office  
Western District of Texas**

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**FOR IMMEDIATE RELEASE**

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**NEW CHARGES FILED IN FEDERAL KICKAPOO TRIBE INVESTIGATION**

**United States Attorney Johnny Sutton, Special Agent in Charge Al Pena, U.S. Immigration and Customs Enforcement, Special Agent in Charge Harlan J. Carter, Internal Revenue Service - Criminal Investigation, Special Agent in Charge Patrick A. Patterson, Federal Bureau of Investigation and Special Agent in Charge Gary M. Mitchell, U.S. Department of Interior - Office of Inspector General** announced that a federal grand jury in San Antonio returned a superseding indictment today against seven individuals, including former Kickapoo tribal leader Raul Garza, Sr., Kickapoo tribal gaming representative Isidro Garza, Jr., and his sons, former State Representative Timoteo Garza and Isidro Xavier Garza adding new civil rights and tax charges to the charges contained in the original indictment returned in connection with a scheme to steal over \$900,000 in tribal funds.

This superseding indictment added six new charges and one new defendant, 32-year-old Isidro Xavier Garza, to the original indictment filed in this case on December 7, 2004. The new charges include: conspiracy to violate civil rights; conspiracy to defraud the Internal Revenue Service; and, four counts of tax evasion.

The new civil rights charge alleges that between June 2002 and October 28, 2002, Raul Garza, Sr., Isidro Garza, Jr., Martha Garza and Arthur Lee Martin conspired together to oppress, threaten and intimidate members of the Kickapoo Traditional Tribe of Texas in the free exercise and legal right to petition the Tribal Counsel to hold a recall election to remove Raul Garza, Sr., and other members of the Tribal Counsel from office. Allegedly, the defendants interfered with meetings of the tribal election committee and provided loans to tribal members then threatened to withhold those funds unless the individual members would sign an affidavit stating their desire to have their name removed from the recall petition.

The new tax conspiracy charge alleges that between October 18, 1995, and April 15, 2003, Isidro Garza, Jr., Martha, Garza and their sons Timoteo and Isidro Xavier Garza conspired together to impede the Internal Revenue Service in the assessment and collection of income taxes. The defendants evaded their tax obligations by filing false returns in 1998 and 2002, plus not filing returns in 2000 and 2001 all the while conducting their financial affairs in cash transactions through nominees and other methods designed to hide income.

The new tax evasion charges allege that Isidro Garza, Jr. and Martha Garza failed to file income tax returns for calendar years 2000 and 2001 and pay an estimated \$237,401 in taxes to the federal government. In addition, it is alleged that they substantially under reported their taxable income on their 1998 and 2002 income tax returns.

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The superseding indictment re-alleges the charges contained in the original indictment including:

1) that Isidro Garza, Jr., manipulated and utilized the casino operating accounts for personal benefit in order to avoid the scrutiny of tribal members. Specifically that Isidro Garza, Jr., used the casino's American Express corporate credit card to fund approximately \$40,000 in campaign expenses during his 2000 bid for election to the U.S. House of Representatives. Isidro Garza, Jr.'s campaign finance report to the Federal Elections Commission falsely stated that the costs were direct expenditures by Isidro Garza, Jr., when in fact, the casino paid the credit card bill without any deduction from Isidro Garza, Jr.'s, management fee or receiving any reimbursement from Isidro Garza, Jr.;

2) that Raul Garza, Sr., stole \$1,731.90 from the Kickapoo Community Health Services; took over \$213,000 in cash withdrawals from the casino cash cage—money that was never deducted from or expensed to Raul Garza, Sr; and, used casino corporate credit cards to purchase two All Terrain Vehicles (ATVs) for his personal use and buy more than \$58,000 in furniture and household appliances for both his house in the United States and his house in Nacimiento, Coahuila, Mexico. The credit card bills were paid by the casino without any deduction from Raul Garza, Sr.'s management fee or receiving any reimbursement from Raul Garza, Sr.; and,

3) that Isidro Garza, Jr., Raul Garza, Sr., and Jose J. Ruiz devised a scheme to conceal from the tribal membership their embezzlement of \$310,766.46 from the casino. Those proceeds represented a loan obtained by the Kickapoo tribe from an insurance company for casino improvements. Unbeknownst to the tribal membership, the defendants arranged for the transfer of money from the casino's checking account into Ruiz' law office escrow account to be used as they saw fit.

This investigation is being conducted by the United States Immigration and Customs Enforcement, Internal Revenue Service - Criminal Investigation, Federal Bureau of Investigation and the Department of Interior - Office of Inspector General. Assistant U.S. Attorneys William R. Harris and Joe F. Sepeda are prosecuting this case on behalf of the government.

**An indictment is a formal accusation of criminal conduct, not evidence of guilt. The defendants are presumed innocent unless and until convicted through due process of law.**

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